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Required Communications Letter

February 18, 2020

To the Board of Directors
Distributive Education Clubs of America, Inc.

We have audited the financial statements of Distributive Education Clubs of America, Inc., (DECA), for the year ended June 30, 2019, and have issued our report thereon dated February 18, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated September 20, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by DECA are described in the notes to the financial statements. As described in the notes to the financial statements, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* was adopted during the year ended June 30, 2019. No other new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by DECA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are noted below.

> Management's estimate of obsolete inventory at year end is based upon management's analysis of quantities on hand and expected sales volumes.
>
> Management's estimate of useful lives for property and equipment is based on historical trends of similar assets
>
> Management's allocation of costs to functional areas is based primarily on employee effort.

We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure of fair value measurements in Note C is based on estimated and published market values, which could fluctuate during the year.
>
> The disclosures of DECA’s net assets in Notes H & I provides information about net assets that have been restricted by donors or designated by the Board of Directors.
>
> The disclosure of DECA’s commitments and contingencies in Note J describes the potential sale of DECA’s headquarters building in Reston, VA.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The schedule on page four summarizes the adjustments recorded by management. In addition to the adjustments noted on page four, we proposed one adjustment to write off obsolete inventory. This adjustment would have decreased net assets $41,897. Management determined that the effects of this unrecorded adjustment is immaterial to the financial statements as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 18, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” in certain situations. If a consultation involves application of an accounting principle to DECA's financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as DECA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Distributive Education Clubs of America, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

Tate & Tryon

Distributive Education Clubs of America, Inc.

Summary of Audit Adjustments

Year Ended June 30, 2019

		Effect Upon Statement of Financial Position			Effect Upon Statement of Activities		
No.	**Description**	**Assets**	**Liabilities**	**Ending Net Assets**	**Revenue**	**Expense**	**Change in Net Assets**
1	To adjust conference expenses to actual.*	$ -	$ (44,961)	$ 44,961	$ -	$ (44,961)	$ 44,961
2	To record sales tax liability.	-	31,233	(31,233)	-	31,233	(31,233)
3	To adjust investment balance to actual. *	(14,019)	-	(14,019)	(14,019)	-	(14,019)
4	To adjust accrued vacation to actual.		11,819	(11,819)		11,819	(11,819)
5	To adjust gift card expense to actual.*		10,177	(10,177)		10,177	(10,177)
6	To adjust corporate contributions to actual *	(10,000)		(10,000)	(10,000)		(10,000)
7	To adjust accrued liabilities to actual.		8,400	(8,400)		8,400	(8,400)
8	To adjust accrued liabilities to actual.*		5,720	(5,720)		5,720	(5,720)
9	To remove duplicate conference revenues.*	(7,174)	(5,064)	(2,110)	(2,110)		(2,110)
10	To adjust gift card revenue to actual. *	(1,591)		(1,591)	(1,591)		(1,591)
	Cumulative effect of audit adjustments	**$ (32,784)**	**$ 17,324**	**$ (50,108)**	**$ (27,720)**	**$ 22,388**	**$ (50,108)**

*** *Journal entry provided by management.***

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Management Letter

February 18, 2020

To the Board of Directors
Distributive Education Clubs of America, Inc.,

In planning and performing our audit of the financial statements of Distributive Education Clubs of America, Inc., (DECA) for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered DECA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DECA's internal control. Accordingly, we do not express an opinion on the effectiveness of DECA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of DECA's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We have taken this opportunity to provide the following observations and recommendations for your consideration.

DECA's written response to the following comments have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

CURRENT YEAR COMMENTS

Segregation of Duties (Significant Deficiency)

Observation: During our audit we noted that individuals responsible for invoicing and maintaining payment records within the database, were also responsible for processing cash receipts. These facts and circumstance create an opportunity for unlawful activity given the possibility that an individual could create an invoice and update the related payment records, without depositing funds in a DECA account.

Recommendation: We recommended the DECA address this issue by having cash receipts processed by individuals independent from the invoicing process. Potential solutions to this issue include directing all cash receipts to lockbox, or a person/department independent of the invoicing function. All payments received would be recorded in a centralized location and supporting documentation would be forwarded for entry into the database.

Management's response: DECA concurs with this recommendation and considering a variety of cost-effective solutions.

Sales Tax Liability (Significant Deficiency)

Observation: During our audit we noted that sales tax did not appear to have been charged on a significant portion of inventory sales. This omission resulted in a $31,233 audit adjustment. This adjustment decreased net assets.

Recommendation: Since requirements to collect sales tax vary from one jurisdiction to another we recommend that DECA establish policies and procedures to analyze sales tax requirement in each jurisdiction inventory is sold – whether in person or online.

Management's response: DECA concurs with this recommendation and is working with a state and local tax advisor to establish policies and procedures regarding sales tax requirements.

Employee Policies (Best Practice Recommendation)

Observation: As part of the audit process we asked a variety of employees a set of standard questions to get a sense of DECA's internal control environment. During these discussions we noted an opportunity to better educate employees regarding the conflict of interest and the whistleblower policy. Several staff were unsure of the existence of such policies and whether or not they are required to acknowledge them on an annual basis.

Recommendation: We recommend the DECA provide additional education to employees regarding the purpose and mechanics of these policies, as well as have these policies signed by employees on an annual basis.

Management's response: DECA's current employee handbook includes these policies. DECA will increase educational efforts to ensure all employees are aware of their responsibilities regarding these policies.

Cybersecurity Data Breach Response Policy (Best Practice Recommendation)

Observation: Cybercrime has become a common event in today's business environment. As a result, nonprofit organizations are increasingly at risk of being the subject of a significant data breach. When a data breach occurs, an organization's staff is placed in a stressful situation that typically demands quick decisions. In order to provide for an effective, consistent response to such events, it is a best practice to have a Data Breach Response policy (DBR policy) in place.

A DBR policy gives staff guidance on items such as:

- The staff members who will comprise the incident response team;
- Contact information for appropriate legal counsel;
- Contact information for insurance carriers;
- How, and when, the Board should be notified;
- How, and when, affected stakeholders should be notified; and,
- How, and when, law enforcement agencies should be notified.

Recommendation: We recommend that DECA consider adopting a formal DBR policy.

Management's response: DECA concurs with this recommendation and is in the process of developing such a policy.

This communication is intended solely for the information and use of the Board of Directors and management of Distributive Education Clubs of America, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

Tate & Tryon

Audited Financial Statements

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.

June 30, 2019

Contents

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Independent Auditor's Report on the Financial Statements

To the Board of Directors
Distributive Education Clubs of America, Inc.

We have audited the accompanying financial statements of Distributive Education Clubs of America, Inc., (DECA) which comprise the statement of financial position as of June 30, 2019, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Distributive Education Clubs of America, Inc. as of June 30, 2019, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of Accounting Standards Update 2016-14

As described in Note A to the financial statements, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). As required by the FASB, DECA adopted the provisions of ASU 2016-14 during the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding functional expenses, liquidity and the availability of resources. There was no change in DECA's previously reported change in net assets as a result of the adoption of the ASU. Our opinion is not modified with respect to this matter.

Tate & Tryon

Washington, DC
February 18, 2020

Distributive Education Clubs of America, Inc.

Statement of Financial Position

June 30, 2019

Assets		
Cash and cash equivalents	$	**3,591,115**
Investments		**4,944,915**
Accounts receivable, net		**814,331**
Prepaid expenses		**77,486**
Inventory		**331,686**
Property and equipment, net		**387,903**
Total assets	**$**	**10,147,436**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$	**335,188**
Accrued expenses		**437,388**
Sales tax payable		**31,236**
Deferred revenue		**57,920**
Total liabilities		**861,732**
Net assets		
Without donor restrictions - undesignated		**8,294,867**
Without donor restrictions - designated		**722,391**
Total net assets without donor restrictions		**9,017,258**
With donor restrictions		**268,446**
Total net assets		**9,285,704**
Total liabilities and net assets	**$**	**10,147,436**

See notes to the financial statements.

Distributive Education Clubs of America, Inc.

Statement of Activities

Year Ended June 30, 2019

Activities without donor restrictions		
Revenue and support		
Educational services	$	**10,426,842**
Membership dues		**1,825,784**
Contributions		**118,657**
Publications		**150,950**
Other income		**173,134**
Net investment income		**126,461**
		12,821,828
Net assets released from restrictions		**1,083,424**
Total revenue and support		**13,905,252**
Expenses		
Program services		
Educational services		**10,810,669**
Supporting services		
Administration		**2,000,058**
Fundraising		**877,068**
Total supporting services expense		**2,877,126**
Total expense		**13,687,795**
Change in net assets without donor restrictions		**217,457**
Activities with donor restrictions		
Contributions revenue		**631,768**
Educational services		**313,855**
Publications		**41,750**
Net assets released from restrictions		**(1,083,424)**
Change in net assets with donor restrictions		**(96,051)**
Change in net assets		**121,406**
Net assets, beginning of year		**9,164,298**
Net assets, end of year	**$**	**9,285,704**

Distributive Education Clubs of America, Inc.

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services	Supporting Services			
	Educational Services	General & Administration	Fundraising	Total	TOTAL
Salaries and benefits	$ 1,260,468	$ 995,538	$ 496,531	$ 1,492,069	$ 2,752,537
Professional services	156,906	718,581	6,789	725,370	882,276
Printing, publications and promotions	216,311	49,907	25,056	74,963	291,274
Postage, mailing and shipping	175,430	25,240	13,453	38,693	214,123
Occupancy, maintenance and insurance	103,384	89,249	40,162	129,411	232,795
Conference, meetings and travel	8,657,346	55,479	226,591	282,070	8,939,416
Supplies, telecom and internet	115,908	37,433	21,332	58,765	174,673
Other expenses	124,916	28,631	47,154	75,785	200,701
Total expenses	**$ 10,810,669**	**$ 2,000,058**	**$ 877,068**	**$ 2,877,126**	**$ 13,687,795**

Distributive Education Clubs of America, Inc.

Statement of Cash Flows

Year Ended June 30, 2019

Cash flows from operating activities	
Change in net assets	**$ 121,406**
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	**37,302**
Net gain on investments	**(21,659)**
Changes in assets and liabilities	
Accounts receivable, net	**(70,171)**
Prepaid expenses	**33,450**
Inventory	**42,105**
Accounts payable	**(868,651)**
Accrued expenses	**96,113**
Sales tax payable	**31,236**
Deferred revenue	**30,970**
Total adjustments	**(689,305)**
Net cash used in operating activities	**(567,899)**
Cash flows from investing activities	
Purchases of property and equipment	**(41,853)**
Purchases of investments	**(3,784,731)**
Proceeds from the sale of marketable securities	**2,676,929**
Net cash used in investing activities	**(1,149,655)**
Net decrease in cash and cash equivalents	**(1,717,554)**
Cash and cash equivalents, beginning of year	**5,308,669**
Cash and cash equivalents, end of year	**$ 3,591,115**

A. Organization and Summary of Significant Accounting Policies

Organization: Distributive Education Clubs of America, Inc. (DECA) is a not-for-profit student organization incorporated in the Commonwealth of Virginia. DECA prepares emerging leaders and entrepreneurs currently in high school and college for future careers in marketing, finance, hospitality, and management.

DECA accomplishes its mission by providing the following educational services program activities:

DECA provides educational programs to high school and college students around the globe through its various conferences, competitive events, publications, and resource materials. DECA is organized into two unique student divisions, the High School Division and Collegiate DECA, each with programs designed to address the learning styles, interests, and focus of its members. DECA's student members leverage their DECA experience to become academically prepared, community oriented, professionally responsible, and experienced leaders.

DECA enhances the preparation for college and careers by providing co-curricular educational programs that integrate into classroom instruction, applying learning in the context of business, connecting to businesses and the community, and promoting competition. DECA sponsors conferences and competitive events each year to bring the high school and Collegiate DECA members into the larger DECA community while providing unique opportunities to extend classroom learning. DECA also awards scholarships to students in various fields.

Performance improvement tools and resources for chapter advisors ensure effective use of DECA's comprehensive learning program designed to enhance student achievement. DECA's professional network also allows DECA advisors to share resources and ideas among colleagues and enhance their skills through advisor professional development.

DECA's business partners provide strategic advice on organizational policy, professional insight on content, and crucial financial support for programming. Some of DECA's business partners participate on its National Advisory Board. These partners enhance the classroom experience by providing "real world" applications to learning.

Income taxes: DECA is exempt from the payment of income taxes on its exempt activities under section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation by the Internal Revenue Service. DECA is subject to tax on revenue generated from sources unrelated to its exempt purpose. DECA is also required to collect and remit sales tax on inventory sales to non-exempt customers.

Basis of accounting: DECA prepares its financial statements on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expense when the obligation is incurred.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and cash equivalents: For financial statement purposes, DECA considers cash held in overnight investment accounts and money market accounts to be cash equivalents. Funds that are held in the professionally managed accounts are reported with investments.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments: DECA records its investments at fair value. The adjustment to reflect changes in the fair value of investments is included in the statements of activities as a component of net investment income. Interest is recorded when earned. Dividends are recorded at the ex-dividend date. Net appreciation or depreciation in fair value of investments includes gains and losses on investments bought and sold, as well as held during the year.

Fixed assets: Property and equipment are recorded at cost. DECA capitalizes all expenditures for property and equipment over $1,000. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from three to fifty years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Accounts receivable: Accounts receivable consists of amounts due to DECA for membership dues, hotel rebates and commissions from DECA conferences. Management periodically reviews outstanding receivables and, if deemed necessary, creates an allowance for the receivables deemed uncollectible. The allowance for doubtful accounts was $2,950 at June 30, 2019.

Inventory: Inventory, which consists of educational and promotional materials, is stated at the lower-of-cost or market using the first-in, first-out ("FIFO") method. Management establishes a reserve for any inventory deemed to be not saleable by identifying nonmarketable items and by using historical experience applied to recent sales. Items are written off when deemed unmarketable.

Accounts payable: Accounts payable includes $66,196 in dues payable to states as of June 30, 2019. Cash to offset this amount is included in cash and cash equivalents.

Deferred revenue: Deferred revenue consists of membership dues, conference registrations, and sponsorships received in advance of the period in which they are earned.

Net assets: Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, DECA's net assets are classified as follows:

Net assets without donor restrictions - undesignated: Net assets without donor restrictions include those net assets whose use is not restricted by donors.

Net assets without donor restrictions – designated: The Board of Directors has designated a portion of net assets without donor restrictions to be set aside for contingencies and to establish financial reserves. Board designated net assets also include scholarship matches by the board and special projects the board decides to pursue, including administration development projects. These funds may not be expended for general operations without the specific authorization of the Board of Directors.

Net assets with donor restrictions – time or purpose: Net assets with donor restrictions include those net assets subject to donor-imposed restrictions that are met either by actions of DECA and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Membership dues: are recognized ratable over the applicable dues or subscription period. Revenue received for dues and subscriptions which relate to subsequent years has been reflected as deferred revenue.

Contributions and grants: Contributions are recorded as support with or without donor restrictions, depending upon the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions and then reclassified to net assets without donor restrictions when the restriction expires. Grants that represent fee-for-service arrangements (exchange transactions) are recognized as revenue as the expenditures are incurred.

Educational services revenue: Educations services revenue includes revenue received from conference registrations, training registrations and educational publications. The revenue from conference and training registrations is recognized when the conference or the training occurs, and the revenue from educational publications is recognized when the publications are distributed.

Functional allocation of expenses: The costs of providing various programs and related supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

New accounting standard: As described in Note A to the financial statements, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). As required by the FASB, DECA adopted the provisions of ASU 2016-14 during the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding functional expenses, liquidity and the availability of resources. There was no change in DECA’s previously reported change in net assets as a result of the adoption of the ASU. Our opinion is not modified with respect to this matter.

Subsequent events: Subsequent events have been evaluated through February 18, 2020, which is the date the financial statements were available to be issued.

B. CONCENTRATION OF CREDIT RISK

Credit risk: DECA maintains cash and cash equivalents with financial institutions. At times, certain balances held within these accounts may exceed federally insured limits. The uninsured portions of these accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to DECA.

Market risk: DECA also invests funds in a professionally managed portfolio which includes various types of marketable equity and fixed income securities. Such investments are exposed to market and credit risks, such as fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

C. INVESTMENTS

In accordance with general accepted accounting standards, the Organization uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active market such as stock quotes;

Level 2 – Includes inputs other than level 1 that are directly or indirectly observable in the marketplace such yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that the market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

DECA's investment in marketable securities are classified as follows at June 30, 2019:

	Total	Level 1	Level 2	Level 3
Investments, at fair value				
Equities	$ 2,991,811	$ 2,991,811	$ -	$ -
Mutual funds	632,386	632,386		
Exchange traded funds - fixed income	171,152	171,152		
Fixed income securites	823,514	823,514		
REITs	58,680		58,680	
Investments carried at fair value	4,677,543	$ 4,618,863	$ 58,680	**$ -**
Investments, at cost				
Money market funds	267,372			
Total investments	**$ 4,944,915**			

Investment income consists of the following at June 30, 2019:

Interest and dividends	$ 150,300
Net gain on investments	21,659
Investment fees and expenses	(45,498)
	$ 126,461

D. Liquidity and Availability of Financial Assets

DECA regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. DECA's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2019, were as follows:

Cash and cash equivalents	$ 3,591,115
Investments	4,944,915
Accounts receivable, net	814,331
Subtotal financial assets	9,350,361
Amounts not available for general expenditures:	
Cash restricted for dues payable to states	(66,196)
Investments	(4,944,915)
Add back: investments available for spending within one year	267,373
Net assets without donor restrictions - designated	(722,391)
Net assets with donor restrictions	(258,446)
	$ 3,625,786

DECA has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as the come due. DECA's working capital and cash flows come from the collection of membership dues, event sponsorships registrations that recur on an annual basis at various times throughout the year. Management is focused on sustaining the financial liquidity of DECA throughout the year. This is done through monitoring and reviewing DECA's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the DECA's cash flow related to DECA's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs.

E. Property and Equipment

Property and equipment consisted of the following at June 30, 2019:

Building and improvements	$ 1,542,805
Computer equipment	238,168
Furniture and equipment	199,496
Land	56,532
	2,037,001
Less accumulated depreciation	(1,649,098)
	$ 387,903

Depreciation expense for the year ended June 30, 2019 totaled $37,302.

F. Agency Transactions

DECA holds funds received from the Northern Atlantic and Southern regions. These funds are distributed at the direction of the respective regions. Because DECA does not control the use of these funds they are not reflected in revenue or expense on the accompanying statement of activities. These offsetting amounts are included within cash and cash equivalents and accounts payable in the statement of financial position, and consist of the following at June 30, 2019:

Northern Region	$ 17,338
Southern Region	14,937
	$ 32,275

G. Retirement Plan

DECA maintains a discretionary defined contribution retirement plan (the Plan) which covers all employees who have worked at least 1,000 hours, a minimum age requirement of 21, and have competed one year of service. Employees will be 25% vested after two years of service, with additional vesting of 25% each year thereafter (fully vested after five years of service). Employer contributions to the plan totaled $101,880 for the year ended June 30, 2019.

H. Net Assets with Donor Restrictions

At June 30, 2019, net assets with donor restrictions consisted of the following:

	June 30, 2018	Additions	Releases	June 30, 2019
Scholarship reserves	$ 191,427	$ -	$ (21,000)	$ 170,427
Ed Davis Scholarship	24,791	-	(10,000)	14,791
Western Region VP Scholarship	4,500	-	-	4,500
Central Region Scholarship VP	5,000	-	(1,000)	4,000
Southern Region Scholarship	2,692	-	-	2,692
Western Region Scholarship	3,000	-	(500)	2,500
Former National Officers	4,237	-	(2,000)	2,237
Bob Foehlinger Scholarship	2,000	-	-	2,000
	237,647	-	(34,500)	203,147
Business partner accounts	126,850	987,373	(1,048,924)	65,299
	$ 364,497	**$ 987,373**	**$ (1,083,424)**	**$ 268,446**

I. Board Designated Net Assets

For the year ended June 30, 2019 board designed activities decreased $16,637. Board designated net assets consist of the following at June 30, 2019:

Legal Fund	$	225,000
Human Management Capital Fund		208,158
Search Committee		148,861
Visioning Panel - Niche Markets		15,350
Building Sale		13,893
Secondary Council		12,760
Strategic Plan Committee		12,203
Communications Strategy		12,121
Curriculum For Member Development		8,644
Cam Travel		8,300
Bob Foehlinger Scholarship		7,000
Central Region Scholarship		7,000
Professional Development Advisory Board		6,632
Disaster Fund		6,000
Western Region VP Scholarship		4,500
Professional Learning Series		3,750
Southern Region Scholarship		3,000
Western Region Scholarship		3,000
ED Travel		2,688
CE Task Force		2,625
Ed Fleming Scholarship		2,500
Sonja Dismuke Scholarship		2,425
Learning Management System		2,377
Larry Lorenzi Scholarship		1,604
Leonard Pokladnik Scholarship		1,000
Pat Di Placido Scholarship		1,000
	$	**722,391**

J. Commitments and Contingencies

During February 2018, DECA signed an agreement with a real estate developer to sell its headquarters building in Reston, Virginia. The sale is contingent on the successful completion of a feasibility study and rezoning.